Chapter 5

V. INCOME AND EMPLOYMENT Task Force

SUMMARY

This report discusses the status of income of seniors in Tompkins County as well as the employment status of those seniors. It points out that according to the 1990 Census, 1956 seniors are living at or below 150% of poverty, i.e., on annual incomes of $9402 or less. Nearly 72% of all County seniors receive Social Security. For 16%, it is their sole source of income. The report discusses other income supports: SSI, Food Stamps, Subsidized Housing, Property Tax Exemptions, EPIC, subsidies for health care and health insurance, EISEP and HEAP. Issues and needs are highlighted, and recommendations for action are put forth.

Insofar as employment is concerned, and according to 1990 census data, 14% of the individuals age 65+ in Tompkins County are in the labor force, and it is expected that this figure will significantly increase as the Baby Boom generation ages.

The report points out various issues for older workers including those of age discrimination with particular reference to the plight of women. Recommendations for action in the employment arena are also suggested.

This report contains the following:

Chapter 5

INCOME AND EMPLOYMENT Task Force

Part I: Income

I. Introduction

This report will review and discuss a few important issues regarding the income status of Tompkins County's 11,311 residents 60 years of age and older. It will also discuss the employment status of seniors which has begun, and will continue, to impact those 60+ as we enter the next century. It will also make some recommendations for action in the coming years in regard to problems and issues which are identified in this report.

II. Income of Status of Seniors in Tompkins County

According to the 1990 census, 7.8% of the 60+ population in the County live at or below the poverty level. 17.3% live at or below 150% of poverty. While the latter compares favorably with the corresponding 24% in the State as a whole, it must be recognized that means that one thousand nine hundred fifty-six (1956) seniors were living on annual incomes of $9402 or less. While there has been an improvement in the general economic climate since 1990, one would not expect a corresponding benefit for most low-income seniors.

In the coming decade, the oldest of the baby boom generation will be retiring. A research study by Stephen Crystal and Richard W. Johnson (The Changing Retirement Prospects of American Families: Impact of Labor Market Shifts on Economic Outcomes. AARP #9801, January 1998) indicates that "overall retirement prospects of baby boomers are better than those born 20 years earlier. Adjusting for inflation and difference in family size, mean family income at mid-life was higher for women born after W.W.II than for women born in the 1920's and 1930's, primarily because of increasing labor force participation rates for married women and declining family size. However, retirement outcomes for particular subgroups within the baby boom cohorts . . . . . are unlikely to show much improvement over the outcomes experienced by their parents' generation" (p. 3).

Crystal and Johnson also suggest that income *mobility* may be different for boomers than pre-boomers. It may be harder for boomers to improve their relative economic position over time.

Chapter 5

A. Sources of Income

Social Security

Social Security remains an essential program for seniors and is the "foundation of economic security in retirement" (AARP; The Public Policy Agenda, 1999). Nearly 72% of county seniors receive Social Security. For 4,672 individuals, Social Security represents 50% or more of all household income, while for 1,804 persons – 16% of seniors – it is their sole source of income (aging.state.ny.us / population / profiles). This is somewhat different from the nationwide figures which show 91% of couples and unmarried persons, age 65 or older, receiving Social Security. In looking at the nation as a whole, 36% of beneficiaries rely on Social Security for between 50 and 89% of their income, 12% rely on Social Security for between 90 and 99% of income, and 18% rely on Social Security as their sole income source.

The economic status of older Americans has improved dramatically over the past three decades. Real incomes of the elderly rose and poverty rates declined, due in large part to policy changes that increased the real value of Social Security benefits during the late 1960's and 1970's (The Economic Status of the Elderly, Robert L. Clark and Joseph F. Quinn, Medicare Brief May 1999, No. 4).

These changes include increases in Social Security benefits that took effect in 1970, '71, '72 and '73 which were then indexed to keep pace with inflation. Thus, between 1969 and 1983 median total incomes of the elderly grew about 50%. (Clark & Quinn, May 1999) Changes in cash income during these periods brought many of the elderly out of poverty. In 1966 28.5% of the elderly were poor. This was nearly twice the rate for the population as a whole. By 1996, the poverty rate for the elderly nationwide was 11% (Clark and Quinn 1999). Tompkins County data show 7.8% of those 60 or over are below the poverty level.

Social Security is a Major Source of Income/Support for All but the Most Affluent.

The poorest 40% of older Americans had incomes less than $13,000 a year in 1996, and Social Security provided over 80% of all their cash income.

The elderly in the middle of the income distribution, those with incomes between $13,000 and $20,000, received two-thirds of their total income from Social Security, and even the "upper-middle income" elderly with income between $20,000 and $33,800 a year, received nearly half (47%) of their income from Social Security. Only the top 21% of elderly

Americans with incomes over $33,800 had large shares from other sources. Earnings was their largest source (31%), followed by assets (25%), Social Security (21%) and pensions (20%). The stereotypical three legged "stool" of income support for the elderly (Social Security, income from assets and income from pensions), is largely a myth – either because two of the three legs are missing at lower levels or because earnings are an important fourth leg for upper income elderly" (Clark & Quinn, 1999, p.5).

While the real income of the elderly has risen between 1979 and 1996, the picture is uneven and masks pockets of great economic distress for some groups. These differences raise important questions as the form and the future of Social Security is debated.

This report will not detail, or try to evaluate, the differences or merits of the options which have been put forward to amend Social Security. However, many of the options rely not only on investment in the financial markets, but also on the interest and ability of individual citizens to invest their funds, analyze various investment options, monitor and manage their investments in order to maximize gain and provide an adequate income over an ever increasing lifespan.

Although income levels of seniors have essentially risen over the last 25 years, the distribution of total wealth was more highly skewed than income. The distribution of total wealth was also more highly skewed in 1995 than in the early 1980's, indicating America's growing inequality in household wealth (Clark & Quinn, 1999, p. 7).

B. Other Income Sources for Seniors

Both in Tompkins County and the throughout the US, other income sources are important to seniors, though as the following table demonstrates, their availability for certain sub-sets of the elderly varies considerably.

Major Income Sources for Seniors – Nationwide 1996 (Percentages)	*Total*	*65-69*	*85+*	*Major Income Sources for Tompkins County Seniors* *60+*
Social Security	**91**	**84**	**94**	**72**
Income from Assets	**63**	**64**	**55**	**56**
Employer Pensions	**41**	**44**	**29**	**41**
Earnings	**21**	**39**	**4**	**32**
Veteran's Benefits	**5**	**4**	**2**	**---**
Public Assistance	**6**	**6**	**7**	**3**
Other Sources	**---**	**---**	**---**	**7**

(SSA 1999a) Table I.1

aging.state.ny.us/populations/profiles

1. SSI

Supplemental Security Income provides a basic level of income support for those who are aged, blind or disabled whose income and resources are low enough to meet eligibility standards. Prior to the development of SSI, many states had "welfare" programs for those who were aged, blind and disabled. SSI replaced these programs and provides a single individual $ 587 per month. A couple living alone would receive $855. Individuals who receive SSI are usually also eligible for Medicaid. Currently there are 367 individuals over 60, (3.2% of seniors) receiving SSI in Tompkins County.

2. Food Stamps

There are currently 337 individuals over 60 (2.9% of seniors) utilizing food stamps in Tompkins County. Despite many outreach efforts over time, Food Stamps are consistently underutilized, particularly among the elderly. The elderly are intimidated by the regulations and paperwork requirements for what can be a small amount ($10 to $15) of food stamps. Many of the elderly are also extremely reluctant to be associated with any program with a *welfare* connotation.

3. Subsidized Housing

a. Subsidized Senior Residences.

According to a survey conducted by the Office for the Aging, about 660 seniors live in subsidized housing in the county.

b. Section VIII

Both the Ithaca Housing Authority and Tompkins Community Action offer Section VIII housing in the county. IHA operates Titus Towers which is home to low and moderate income seniors. Section VIII certificates can also be available to low and moderate income seniors. Section VIII subsidies allow low and moderate income seniors to limit the amount of their housing costs to a fixed amount or to a maximum percentage of their monthly income.

4. Real Property Tax Exemption and the STAR Program

For many years homeowners in Tompkins County over the age of 65 with incomes below the maximum determined by the legislature, have been eligible for a reduction in their property taxes. Each ‘taxing authority’ (county, town, village, school district) chooses what reductions will be approved from those made available by the State of New York. In 1999, over 1300 seniors took advantage of the low-income senior tax reductions in the county.

In 1999 homeowners over age 65 with incomes below $60,000 became eligible for the Enhanced STAR school tax reduction program. In 1999 all homeowners, regardless of age or income, became eligible for a STAR school tax reduction. Over 1700 homeowners over age 65 took advantage of the Enhanced STAR program in 1999.

5. EPIC

EPIC is a NYS program designed to help seniors with incomes below 225% of the Federal Poverty level, or slightly more than $1800 per month, pay for prescription medicines. As of June, 1999 there were 590 seniors in Tompkins County enrolled in the EPIC program and 108,000 across New York State.

6. Subsidies for Health Care and Health Insurance

a. Medicaid is a form of medical insurance for those with very low incomes and no other source of health insurance. Applications are made through the local department of Social Services. Of the nearly 5,000 people in the county receiving Medicaid in April 1999, nearly 900 were over 60.

b. Medicare is a national health insurance program, but it does not cover seniors age 60 - 64. According to a 1995 Needs Assessment conducted by the Office for the Aging, it can be estimated that 123 county seniors have no form of health insurance.

c. There are two programs which allow the local department of Social Services to pay the monthly Medicare Part B premium of $45.50 each month. The programs are known as the *QMB* (Qualified Medicare Beneficiary) program and the *SLIMB* (Specified Low-Income Medicare Beneficiary) program. There are currently 518 individuals participating in the QMB program and 38 in the SLIMB program. Information about the availability of these programs is mailed to seniors receiving Social Security on an annual basis, however, they are still used by very few seniors.

7. EISEP

The Expanded In-Home Services for the Elderly Program pays the cost of personal care and housekeeper chore services for those who are eligible. The program operates on an income based sliding fee scale, and clients share the cost based on their income level. In 1998 121 seniors received this service

8. HEAP

The Home Energy Assistance program helps seniors and eligible families pay for electric, wood or heating fuel. Additional funds are available to those who are eligible and face fuel or utility emergencies. Individuals with incomes less than $1,006 per month and couples with incomes less than $1,356 may qualify for assistance with the costs of energy which can include fuel, electricity, gas and wood. During the current HEAP authorization period, approximately 500 seniors have received regular or emergency HEAP benefits.

III. Issues, Needs & Highlights

A. Clark and Quinn also tell us that wealth is not only positively correlated with income but also with health for those 70 and over. Members of the Task Force have offered anecdotal information that health issues, particularly fear of the financial impacts of long term care are of grave concern to the elderly. Task Force members report conversations with the elderly, even individuals with significant wealth holdings, who worry that the assets they have worked so hard to accumulate and hope to pass on to others, will be wiped out by the cost of long term care. These fears are even more extreme for those with low incomes, who are unsure about whether they will be able to afford basic health care and whether or not they will have choices if they face major illness or disability.

B. Many of the plans for restructuring Social Security rely on individual attention to financial investment options and results. Discussion in the Task Force has highlighted that many individuals, including many of the elderly are not enthusiastic about what feels like an unmanageable and confusing array of choices. People with means often choose experts, financial planners or investment counselors to manage assets, even in middle income groups. We have seen that while the elderly have made important income gains in the last twenty five years, and that the baby boom generation will likely continue those gains into retirement, income and wealth disparities are expected to continue into the future. The lowest income individuals are struggling to manage on extremely limited incomes and practically no assets, just to meet the basic necessities of shelter, food, and medical care. This makes any type of long term planning, including long term financial planning, much less likely for most in these groups.

C. It is unclear that most of the elderly will want, or have the expertise to manage all or part of their Social Security holdings. Further, the more complicated a program is, the greater the negative implications for people if frailty and loss of cognitive acumen accompanies aging.

D. Fear and anxiety are common themes among the elderly. The discussion about changes in Social Security and Medicare can accentuate these fears. Those who are in frequent contact with the elderly still hear many of them associate the cost of an item with decades old costs of a "loaf of bread." Many of the elderly have lived though Great Depression, recessions and periods of horrendous inflation. Their faith in the current economic boom is tempered by experience with far different realities, coupled with knowledge that they will have fewer options to buffer the impact of any reform proposals, especially given the percentage of individuals who rely on Social Security for 50 percent or more of their household income, and the huge impact changes in Social Security could have on their lives.

E. A significant portion of the elderly in the county really do live on fixed incomes, with no realistic mechanism for increasing their income level. For these individuals, the other income support programs are extremely important. There is also a tension created in that the taxation which is needed to continue support for these programs is most problematic for those who most rely upon them.

F. Despite continuing outreach efforts, programs which are associated with 'welfare' continue to have less than optimal utilization, likely because of the continued stigma of this association for the elderly.

IV. Action Recommendations

It is recommended:

A. THAT efforts be made to educate local elected officials regarding the needs of Tompkins county's low income seniors.

B. THAT efforts be made to educate local elected officials on maintaining Social Security as a defined, guaranteed benefit program for all seniors.

C. THAT efforts be made to educate the public regarding the realities for them of future income, and that pre-retirement counseling be developed and made available for those of low and moderate income.

D. THAT efforts be made to better coordinate and centralize programs and services for low and moderate income seniors whenever possible, as such services remain too fragmented and often confusing for seniors.

E. THAT efforts be made to enhance Information and Outreach activities to seniors in a concerted and ongoing way to insure that they are made aware of the programs and services which are available to them. That greater percentages of eligible seniors participate in programs which can help them.

F. THAT officials work with representatives from Social Security to insure that people who are applying for Social Security are made aware of the other income supports which are available to them and where they can go to apply for benefits.

G. THAT the web of other support systems and programs be kept intact for the future, particularly as Social Security benefits remain tied to work. It is also important that these programs be reviewed for adequacy regularly and that we look for ways to reduce the stigma associated with low income support programs.

H. THAT printed material about income support programs be made as clear and direct as possible. Seniors often evaluate their eligibility for these programs in the privacy of their own homes and will be discouraged about applying for assistance if they are confused about whether or not they are eligible.

I. THAT the public and policy makers be educated regarding the realities of life for those who are referred to as "low income" --and with what small amounts of money many of the low income seniors make do. This is an important component in building confidence in income support programs.

INCOME AND EMPLOYMENT Task Force

Part II: Employment

I. Status of Employment for Seniors in Tompkins County

1990 census data show that 1,103 (14%) of the individuals 65+ in Tompkins County are in the labor force, that 423 of Tompkins County women sixty-five or older are in the labor force (9%) . This compares with 14.6% for all persons 65+ in New York State, and 10.6 % in NYS' whole population of women 65+. It is expected that the percent of people over 60 who remain employed, full or part time, will significantly increase as members of the Baby Boom generation reach their 60's. Moreover, with the increase in life expectancy, the need for additional income is exacerbated.

I. Issues, Needs and Highlights

A. Older workers face the same array of issues as anyone entering or desiring advancement in today's labor market. We live in a global economy where the pace of change is increasing and the level of <u>skill</u> and <u>flexibility</u> demanded of workers is increasing. Work structures are evolving. The large, hierarchical and paternalistic organizations in which many seniors spent the bulk of their work lives are becoming vestiges of past times. Computers and dependence on ever changing technology is a major component of most work environments. Individual assignments can be secondary to team and group performance. Many workers entering today's workforce expect to switch companies many times on short notice and mobility in the country is a given. These issues can present special difficulties to seniors who find themselves, for reasons of desire and/or economic necessity, trying to re-enter today's labor force.

B. Both seniors, soon-to-be seniors and employers need to take stock of the demographic and cultural changes in our midst. The young adult labor market is dwindling. Employers looking for new workers in the 19-35 age group are chagrined at the (lack of) numbers of referrals in these groups and often at their skill level, or at the geographic barriers to combining skilled workers and jobs. Some employers have not fully realized the impact of these demographic changes on their business prospects and continue to behave as if there is an unlimited supply of young workers about to come looking for the positions they have available.

C. Creative employers are looking at training and retraining for incumbent workers as the less costly and more productive solution to many of their human resource problems. Employers are also looking at flexible work schedules and other incentives for older workers to remain on the job. Many older workers also need ways to enhance their skills, particularly regarding technology and according to Task Force members, will learn best in settings where they are learning with other similarly situated seniors, and where lack of familiarity with technology/computer basics is not a major impediment to continued learning.

D. Issues for Women and Other Populations

According to Clark and Quinn, elderly women are about twice as likely as elderly men to be poor. Data also shows that other segments of the population who are disproportionately low income include minorities, rural residents and people who live alone (AARP, The Public Policy Agenda, 1999). When examining wealth instead of income alone - total wealth being defined as home equity, other real estate, financial assets and the cash value of pensions, minus debts - median wealth holdings for Black and Hispanic households were in the $20,000 to $30,000 range compared to $100,000 to $140,000 for white households.

The impact of women's increased participation in the labor force will also be felt. It is the increased participation of women in the labor force which accounts for the fact that the pension coverage rate has stayed at approximately 41% nationwide despite the decline in employer sponsored and defined benefit pension programs (Clark and Quinn). In 1950 less than 30% of women between 45-54 years of age were in the labor force, while in 1998 the Bureau of Labor Statistics estimates 72% of women age 45 to 59 are working. More than two thirds of the part time labor force is made up of women, where there are often few or no benefits. For example, fewer than one in five part-time working women were covered by health insurance (AARP Public Policy Agenda, 1999). Part time wages are low, but women's wages as a whole continue to lag behind men's. 1997 data shows that women working full time earned a median weekly wage of $431 compared to that of their male counterparts' $579. These factors have potentially adverse impacts on women in retirement, particularly those with other risk factors for future economic difficulties, e.g. never married and living alone.

E. Age Discrimination

According to AARP and supported by Task Force members, despite the Age Discrimination in Employment Act of 1967, aged based discrimination remains prevalent. Discriminatory practices range from blatant refusal to hire and promote older workers to the more subtle targeting of older workers in reductions in force or limiting training opportunities for members of the older workers group.

III. Action Recommendations

It is recommended:

A. THAT senior employment be a consideration in the design and implementation of "One Stop" career centers, recognizing the growing number of seniors remaining in the workforce who want to upgrade their skills and earnings, or those who will re-enter the workforce for various reasons.

B. THAT through the Workforce Development Board and other means, efforts be made to educate employers regarding population and labor force demographics as well as the value and characteristics of older workers.

C. THAT the Workforce Development Center / One Stop be cognizant of the needs of seniors and as training and re-training is developed, insure that there are sessions which are specially marketed to seniors, are structured for seniors, and whenever possible are offered in such a way as to recognize facts such as the large number of seniors with caretaking responsibilities.

D. THAT representatives from the senior population review and evaluate recommendations coming from the Workforce Development Board for their responsiveness to senior employment issues.